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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, MD 21244-1850

CMS
CENTERS for MEDICARE & MEDICAID SERVICES

Center for Medicaid and State Operations

JUN - 9 2003

New York (03-26)
approved: 06/09/03
effective: 04/01/03

Ms. Antonia C. Novello, M.D., M.P.H., Dr. P.H.
Commissioner
New York State Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

RE: NY-03-026

Dear Ms. Novello:

We have reviewed the proposed amendment to Attachment 4.19-A of your Medicaid State plan submitted under transmittal number (TN) 03-026. This amendment revises the base year used to calculate the Medicaid inpatient payment rates for OMH psychiatric centers, effective for services on or after April 1, 2003.

We conducted our review of your submittal according to the statutory requirements at sections 1902(a)(13), 1902(a)(30), and 1923 of the Social Security Act and the implementing Federal regulations at 42 CFR 447 Subpart C. We are pleased to inform you that Medicaid State plan amendment 03-026 is approved effective April 1, 2003. We are enclosing the HCFA-179 and the amended plan pages.

If you have any questions, please call National Institutional Reimbursement Team (NIRT) member Venesa Johnson at (410) 786-8281.

Sincerely,

Charlene Bon
for Dennis G. Smith
Director

Enclosures

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: **03-26**	2. STATE **New York**
	3. PROGRAM IDENTIFICATION: **TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)**	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE **April 1, 2003**	

5. TYPE OF PLAN MATERIAL *(Check One)*:

☐ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT *(Separate Transmittal for each amendment)*

6. FEDERAL STATUTE/REGULATION CITATION: **42 CFR Parts of 447.253**	7. **FEDERAL BUDGET IMPACT:** a. FFY 2002 - 2003 **$ 1.77 Million** b. FFY 2003 - 2004 **$ 3.55 Million**
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: **Attachment 4.19-A, Part II, Page 2**	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: **Attachment 4.19-A, Part II, Page 2**

10. SUBJECT OF AMENDMENT:
OMH Inpatient Services

11. GOVERNOR'S REVIEW *(Check One)*:

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT
☒ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
☐ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL: Kathryn Kuhmerker	16. RETURN TO: **New York State Department of Health, Corning Tower, Empire State Plaza, Albany, New York 12237**
13. TYPED NAME: **Kathryn Kuhmerker**	
14. TITLE: **Deputy Commissioner Department of Health**	
15. DATE SUBMITTED: March 31, 2003	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 4/1/03	18. DATE APPROVED: 6/19/03

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 4/1/03	20. SIGNATURE OF REGIONAL OFFICIAL: Brian for Smith
21. TYPED NAME: Charlene Brown	22. TITLE: Deputy Director, CMSO

23. REMARKS:

A. For Medicare Certified Psychiatric Centers (including Forensic Psychiatric Centers)

The Medicare (Title XVIII) per diem payment rates resulting from the final settlement of OMH's Medicare cost reports covering the ~~most recent State fiscal year available at the time the annual Medicaid rates are calculated~~ fiscal year ended March 31, 1998. Medicare final settlements are issued by OMH's Medicare Fiscal Intermediary following their review and audit of the Medicare cost reports submitted by OMH for each of the Medicare participating providers it operates. For purposes of Medicare reimbursement OMH Psychiatric Hospitals are treated as PPS exempt providers with payment rates developed in accordance with 42 CFR section 413.40.

B. For Childrens Psychiatric Centers

Since the Childrens Psychiatric Centers are not Medicare participating providers, the base inpatient per diem for these facilities shall be determined based on their average inpatient cost per day for the base year. The base year to be utilized shall be the same fiscal year as that used for the Medicare participating psychiatric centers as outlined under paragraph II.A. above.

The inpatient cost per day for the Childrens Psychiatric Centers shall be determined in accordance with the cost reporting and costfinding methods developed by the Hospital industry as adopted by the Medicare (Title XVIII) and Medicaid (Title XIX) Programs. In determining those items of cost that shall be determined to be allowable, Medicaid (Title XIX) laws, rules and regulations shall be applied in accordance with paragraph III.A. below.

C. Exclusion of Capital Cost

In developing the statewide average base year operating per diem for each rate category, capital costs shall be eliminated from the amounts included in the per diems described above under paragraphs II.A. and II.B. For purposes of this section capital costs shall be determined in accordance with the Medicare (Title XVIII) principles of reimbursement and accordingly will include depreciation on